

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1604 - HB 2041

January 24, 2016

SUMMARY OF BILL: Authorizes the Town of Dandridge to levy a hotel occupancy tax, not to exceed two percent of the consideration charged by the operator, subject to the adoption of an ordinance by a two-thirds vote of its governing body.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue – \$134,700/Permissive

Assumptions:

- According to the Department of Health, there are 10 hotels in the Town of Dandridge, with a total of 410 rooms.
- According to the Nashville Convention and Visitors Bureau, the 2014 hotel occupancy rate in Davidson County was 73.0 percent. According to the PricewaterhouseCoopers LLP, the national hotel occupancy rate for 2014 was 64.4 percent, and is estimated to have been 65.7 percent in 2015. The national hotel occupancy rate is further estimated to be 65.8 percent in 2016.
- Estimate assumes the occupancy rate in the Town of Dandridge is 60.0 percent.
- There will be approximately 89,790 nightly rentals each year in Dandridge (410 rooms x 365 days x 60.0% occupancy rate).
- The average hotel room rate is estimated to be \$75 per night.
- The Town of Dandridge will impose a two percent hotel occupancy tax upon passage.
- The permissive and recurring increase in local government revenue is estimated to be \$134,685 (89,790 nightly rentals x \$75 per night x 2.0% occupancy tax rate).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee".

Krista M. Lee, Executive Director

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